

1975

Office profile: Houston

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Frank Bozo

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Recommended Citation

H&S Reports, Vol. 12, (1975 spring), p. 02-09

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Houston is a bright and booming, growth-oriented city that has shed its cow-country image and turned into the corporate showplace of the great Southwest. As evidence of this, more than 150 companies have moved corporate headquarters, subsidiaries, divisions or branch offices to Houston in the six-year period prior to 1974. With these moves, more than 8,000 executives and management personnel entered the city's corporate arena.

Between 1950 and 1970 the population of metropolitan Houston more than doubled. It now stands at nearly two million, ranking Houston in sixth place among the country's major cities. What's more, the population is young and modern in outlook. The median age is only twenty-six, providing what many Houstonians consider a more rigorous and talented work force than is found in other large cities.

The spirit of optimism so prevalent in the area today can be traced back to the speculative birth of the city. In the spring of 1836, the famed battle of San Jacinto, in which General Sam Houston and his Texian troops defeated Mexican General Antonio Lopez de Santa Anna's army, cleared the way for the establishment of the Republic of Texas. Just four months later, the brothers Augustus and John Allen, enterprising land speculators from upstate New York, bought 6,642 acres of land for \$1.40 an acre and staked out a townsite on the muddy banks of Buffalo Bayou. Shortly thereafter, when General Houston became the first president of the Republic of Texas, the city named in his honor became the first capital.

Cotton, so well suited to the simmering Brazos River bottomlands, sparked the initial economic growth of the area. When the famed Spindletop gusher blasted Texas into the oil business in 1901, and other prolific fields were found in the

Houston area shortly thereafter, the economy boomed. Houston's businessmen soon felt the need for a shipping outlet to the Gulf of Mexico. By the linking and dredging of three natural waterways, Buffalo Bayou, the San Jacinto River and Galveston Bay, a fifty-mile ship channel was made. This foresight has enabled Houston to become one of the world's major seaports, ranking third in the country in total tonnage and still undergoing extensive capital improvements. It was foresight of a similar nature that contributed to the feeling of spaciousness in the downtown business area. When the brothers Allen laid out the city, they wanted, in spite of criticism, streets that were wide enough for a wagon to turn around in, thus avoiding the congestion that plagues many other growing cities today.

Haskins & Sells' presence in Houston goes back to 1937, when an office was opened there largely for the convenience of handling participating work for clients of other offices. Up until 1963, less than half of the practice was originating. H&S merged that year with the prominent firm of Phillips, Sheffield, Hopson, Lewis & Luther, which had a large local practice and a significant tax practice. Today more than 75 percent of the Houston office practice is originating. Tax work now comprises about 20 percent of the total practice. Small business services are becoming more and more important, and the Management Advisory Services group is growing rapidly.

The home of H&S in Houston is the twenty-sixth floor of the Houston Natural Gas Building in the heart of the central business district. The growth of the practice has made it necessary to lease half of the twenty-fifth floor and the Tax Department has moved to new quarters there.

The partner in charge in Houston is

youthful and energetic Robert J. Cruikshank, a man whose progressive outlook and enthusiasm are reflected in the office's exceptionally high morale and professionalism.

"We put a lot of emphasis in our office on communication with our staff and on recruiting and development," Bob says. "We believe that if we keep our people aware of our efforts and desires, they can address themselves to helping us achieve our goals and, in turn, the goals of the Firm. As for recruiting, our livelihood depends upon our ability to hire bright, aggressive people who can provide top-quality service for our clients and who can eventually become the leaders of our Firm. We are also establishing programs to ease the burden upon our people in making the transition from college to the business world.

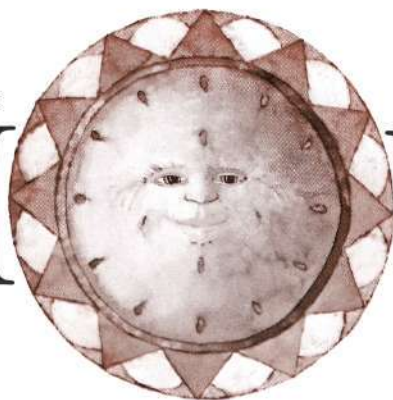
"I have been involved in recruiting for many years and have always believed one of its biggest rewards to be the satisfaction that comes from participating in and monitoring the professional development of our people. The techniques and attitude necessary to recruit well can also be very useful in dealing with clients and in managing an office.

"We try to encourage independent and creative thinking by attempting to implement new ideas that will benefit the office and the practice. For example, partner Jim Dunn and our librarian Jo Susa came up with the idea of having classes in office English for secretaries and clerical people. Jo has two classes of a dozen women or so each that she teaches one morning a week. The classes are well prepared and well received, and I'm sure they will be helpful in our continuing efforts toward clear and concise communication."

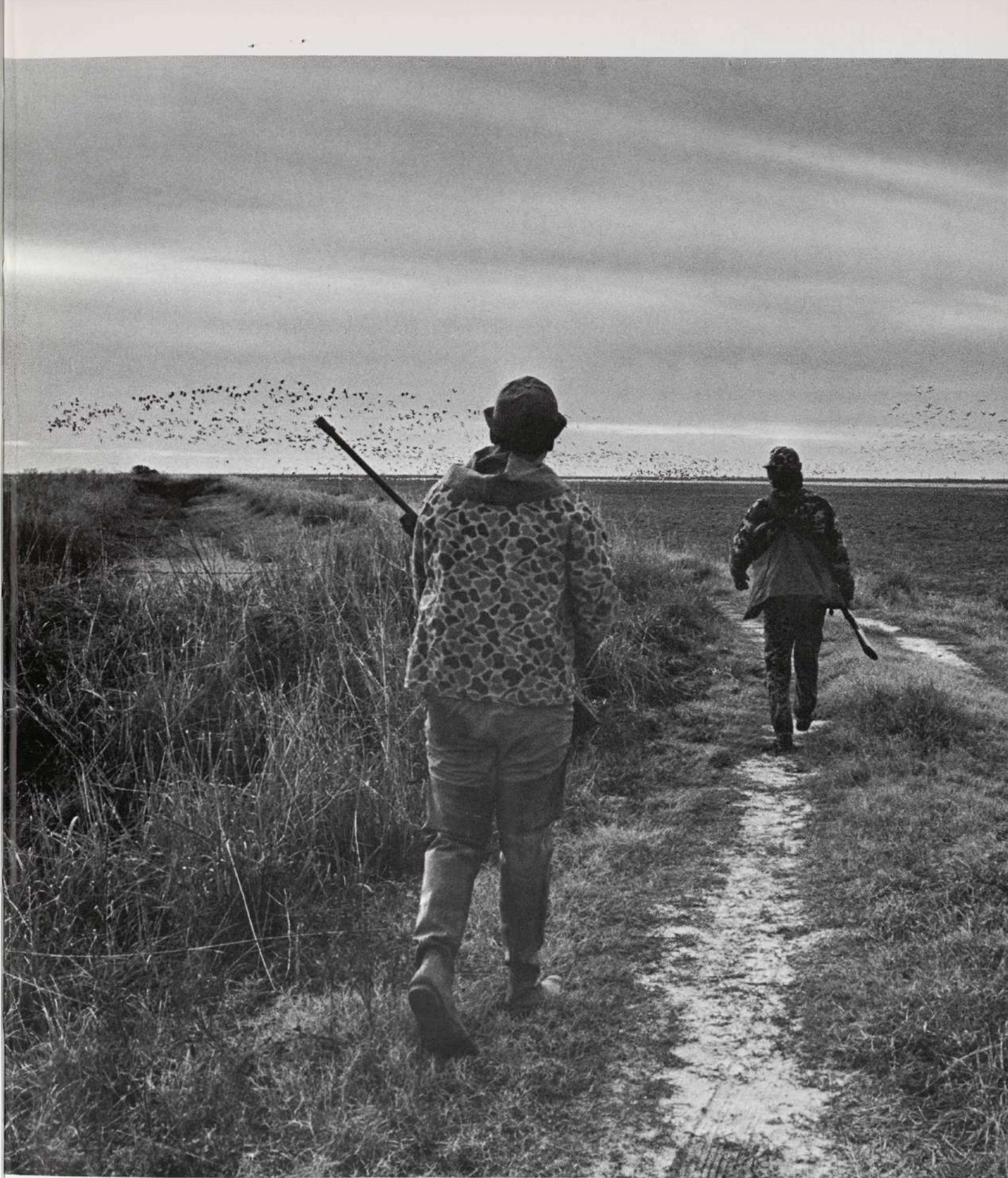
Bob Cruikshank grew up in DeQuincy, Louisiana, and his entrance into the accounting profession was somewhat

Office Profile

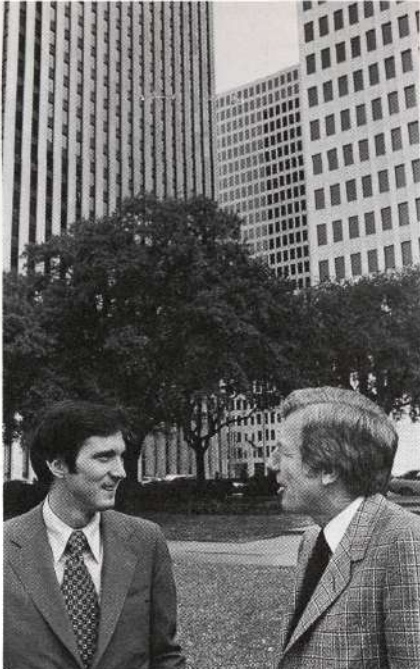
H USTON



*"...for a
place in
the sun."*



Goose roost. Staff accountants Martin Mathis (l.) and Barry Teare scatter a roost of geese amid the sprawling rice fields of Colorado County.



City Hall conference. Mayor Fred Hofheinz (l.) pauses on the grounds of City Hall to discuss the forthcoming audit of the City of Houston with Bob Cruikshank, partner in charge of our office there.

Scale model. Chief engineer Dick Watson (c.) of Rowan Companies, Inc. makes a minor adjustment on a model of the company's latest semi-submersible offshore drilling rig. Watching (l. to r.) are staff accountants Tanya Kowalsky and Jim Nichols, and lending a hand (r.) is Fred Ryan, H&S alumnus and Rowan controller.

indirect. One of his friends in DeQuincy was a pharmacist, and "for a while," says Bob, "I thought that's what I wanted to be." But the attraction of Rice University, which did not offer pharmacy, was so great that he decided to enroll in its School of Business. In the course of his studies he became interested in accounting and went on from there into a career for which he seems singularly suited.

Upon his graduation from Rice University, Bob Cruikshank joined the local accounting firm of Henslee and Hopson. After only six months he was called into the Air Force, where he served the next four years as a lieutenant and resident auditor at McConnell Air Force Base in Kansas.

When he returned to Houston in 1956, Bob found that Mr. Henslee had died and Mr. Hopson had merged with the Phillips, Sheffield firm. Bob joined the new firm that year and became a partner there in 1962. When H&S merged with Phillips, Sheffield, Hopson, Lewis & Luther, six of the latter's twelve partners were admitted to H&S as partners and the other six joined H&S as managers. Bob Cruikshank was in the latter group, becoming an H&S partner in 1968, and partner in charge in Houston in 1974, succeeding retiring Frank McClelland.

Over the years, Bob has given freely of his time to community and professional activities. He has served as chairman of the board of the Texas Affiliate, Inc., American Heart Association and of the Houston Heart Association. He currently serves as treasurer and a director of the YMCA Post Oak Family Center and treasurer of the Houston American Revolution Bicentennial Commission. In church work, Bob has been a senior warden and treasurer of St. John the Divine Episcopal Church, and in the social vein, he has served as first vice president and a director of River Oaks Country Club, where he is a member of the finance committee.

Bob's professional activities outside H&S have included many memberships on committees and as an officer of the Houston Chapter of the Texas Society of CPAs. For two years he was a visiting lecturer in accounting at Rice University.

His alma mater has played a big role in Bob Cruikshank's life, both private and professional. It was in a government class at Rice that Bob first met Ann Irving, now Ann Cruikshank. Bob was selected recently as the first chairman of the University's newly organized Accounting Advisory Council.

Rice University is a prime source of talented accountants for our Houston office, as are the University of Texas and

the University of Houston, all well represented on the professional staff.

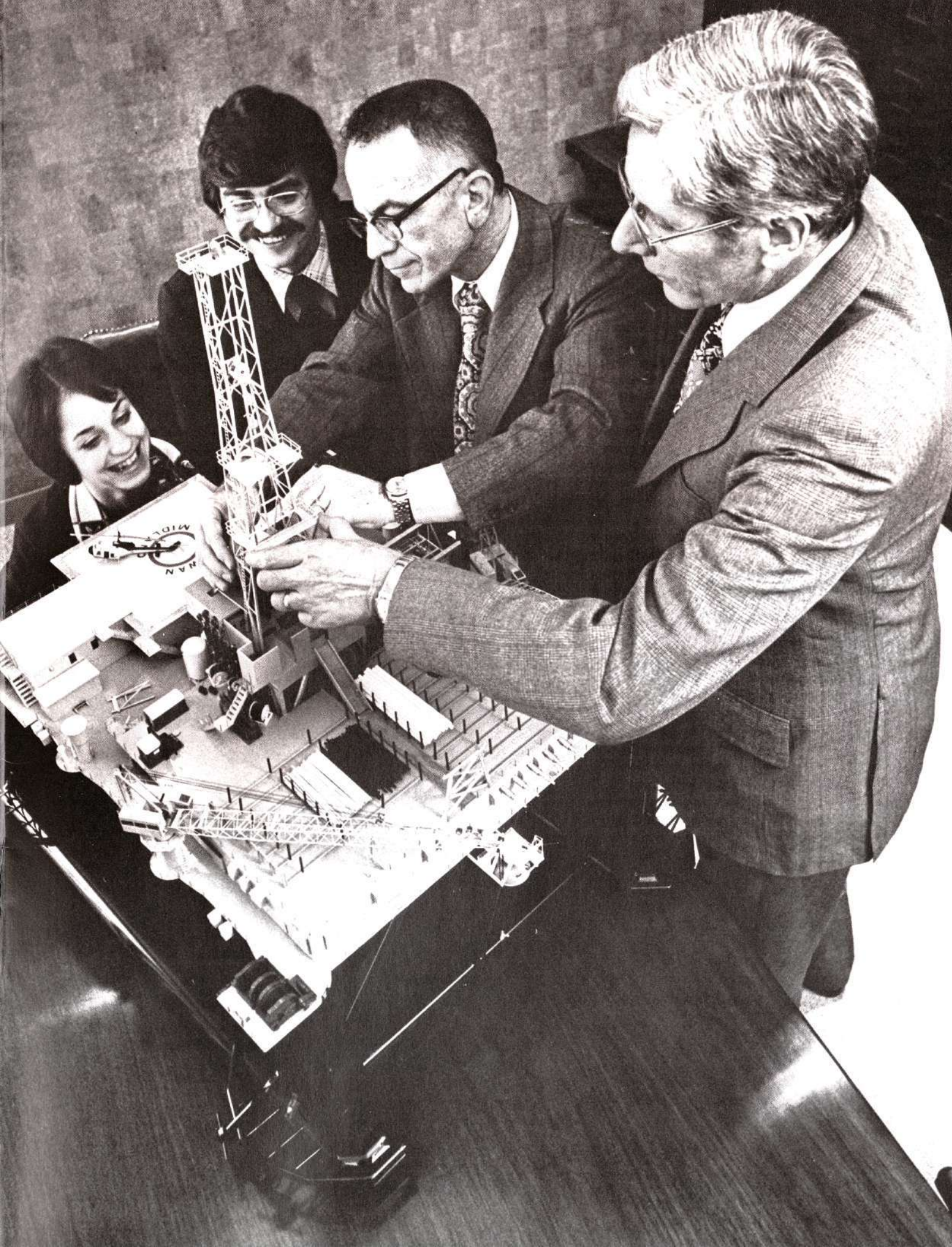
"We are really fortunate to be able to recruit such outstanding students," Bob comments. "We are also continuing to put a lot of emphasis on staff training here, just as my predecessor Frank McClelland did. Manager Joe McDougald is in charge of staff training and he sees to it that our people get the background and the diversity of experience needed for optimum professional development. I also think it is interesting to look at other geographical areas and find that many of our associates got their initial training and experience here in Houston: people like Curt Cadenhead, Jr., partner in charge of the Atlanta office; Harold Robertson, partner in charge in Las Vegas; partner Clyde Brennan in St. Louis; Judy Wilson Walsh, the Firm's first woman partner, now in Los Angeles; partner Frank Watson in Executive Office Continental Europe in Brussels, and many others."

While metropolitan Houston has been growing rapidly and, from all projections, will continue to do so, the H&S office there has been keeping pace. Three years ago the office had about seventy professional people. Now there are about a hundred. Among them, in addition to the partner in charge, are partners Jim Dunn, Les Greenberg, Gene Harris, Gene Mendel, Ken Studdard, who is in charge of the Tax Department, Duane Whitmarsh and first-year partner Wallace Wilson, who joined the Houston management group last spring after a three-year stint in the Brussels practice office. Partner John Nixon heads up the Management Advisory Services group in Houston, which includes two managers and four consultants. The office has nine audit managers and four who specialize in tax work.

In addition to the professional people, the office complement includes three paraprofessionals, a tax intern and thirty-two office personnel.

The diversity of the Houston office practice offers a wide variety of audit, tax, MAS and small business assignments, ranging from financial and educational institutions to wholesalers and retailers; manufacturers of rock bits, drilling platforms and components for oil and gas exploration; petrochemical companies; cattle companies; land development companies; a sugar refiner; a professional hockey team; the City of Houston; and many, many more. Some of the more prominent are:

➡ Aiglon Industries, Inc.—an extensive system of wholesale and retail auto parts distributorships serving the



southwest quadrant of the United States from Louisiana to California.

➡ *Control Automation Technology Company*—a rapidly growing manufacturer of a computer-based process controller for use in the petroleum and petrochemical industries.

➡ *Digicon Inc.*—a geophysical servicing company involved in onshore and offshore geophysical surveys throughout the world, and providing geophysical interpretations in its specialized computer centers in Houston, London and Singapore.

➡ *Fisk Telephone Systems, Inc.*—a manufacturer of telephone communication systems for private ownership which can be connected to the Bell International Network.

➡ *Handy-Andy, Inc.*—a grocery chain operating about fifty-five supermarkets and convenience food stores in Texas. The company has diversified into other markets including cafeterias, gift shops, food service contracts and institutional grocery supply.

➡ *Houston Aeros Hockey Club*—1974 winners of the AVCO Cup in the World Hockey League and going strong in 1975. This team has really caught Houston's fancy by bringing it a championship.

➡ *Houston Lighting & Power Company*—engaged in the generation, distribution and sale of electric energy, serving an area in the Texas Gulf Coast region, estimated at about 5,600 square miles, in which are located Houston, Galveston and 151 smaller cities, villages and communities.

➡ *Houston Natural Gas Corporation*—a corporation formed in 1940 as the successor to several corporations which had been in business since 1925. Its principal business

involves the transmission, distribution, and sale of natural gas in the Gulf Coast area of Texas, the operation of gas gathering systems, and the processing of natural gas for the recovery of petrochemical products. Its wholly-owned subsidiaries are engaged in the production, processing and sale of industrial gases; oil and gas exploration and production; and production, preparation and marketing of coal from underground mines.

➡ *Lo-Vaca Gathering Company*—a subsidiary of Coastal States Gas Corporation, and one of the largest intrastate gas utilities in Texas. Its customers include, among others, the public utilities serving Austin, San Antonio and Corpus Christi.

➡ *Rowan Companies, Inc.*—two principal activities consist of its contract drilling operations, including foreign offshore operations conducted through its 50-percent-owned affiliates, and helicopter and fixed-wing aircraft operations in Alaska.

➡ *Sakowitz, Inc.*—probably the largest family-owned retail chain store in the United States, specializing in strictly high-fashion lines.

➡ *Shindler/Cummins, Inc.*—Houston's largest real estate group with branch operations in Dallas and Denver. The company offers all services relating to real estate, including commercial, residential and investment property sales and locations.

➡ *Southwest Bancshares, Inc.*—the first multibank holding company formed in Texas, and now one of the five largest in the state. In addition to fourteen subsidiary banks, the company has subsidiaries engaged in mortgage banking and direct lease financing.

➡ *Terrain King Corporation*—the country's leading manufacturer of



Sugarfoot (photo left). Imperial Sugar Company controller Roy Henderson (c.) offers a sample of raw sugar to staff accountant Dionne Thompson as a growing mountain of the commodity threatens a sweet avalanche. Watching (l.) is accountant in charge of the engagement Charles Vickers, partner Gene Mendel (r.c.) and manager Larry Wagner.

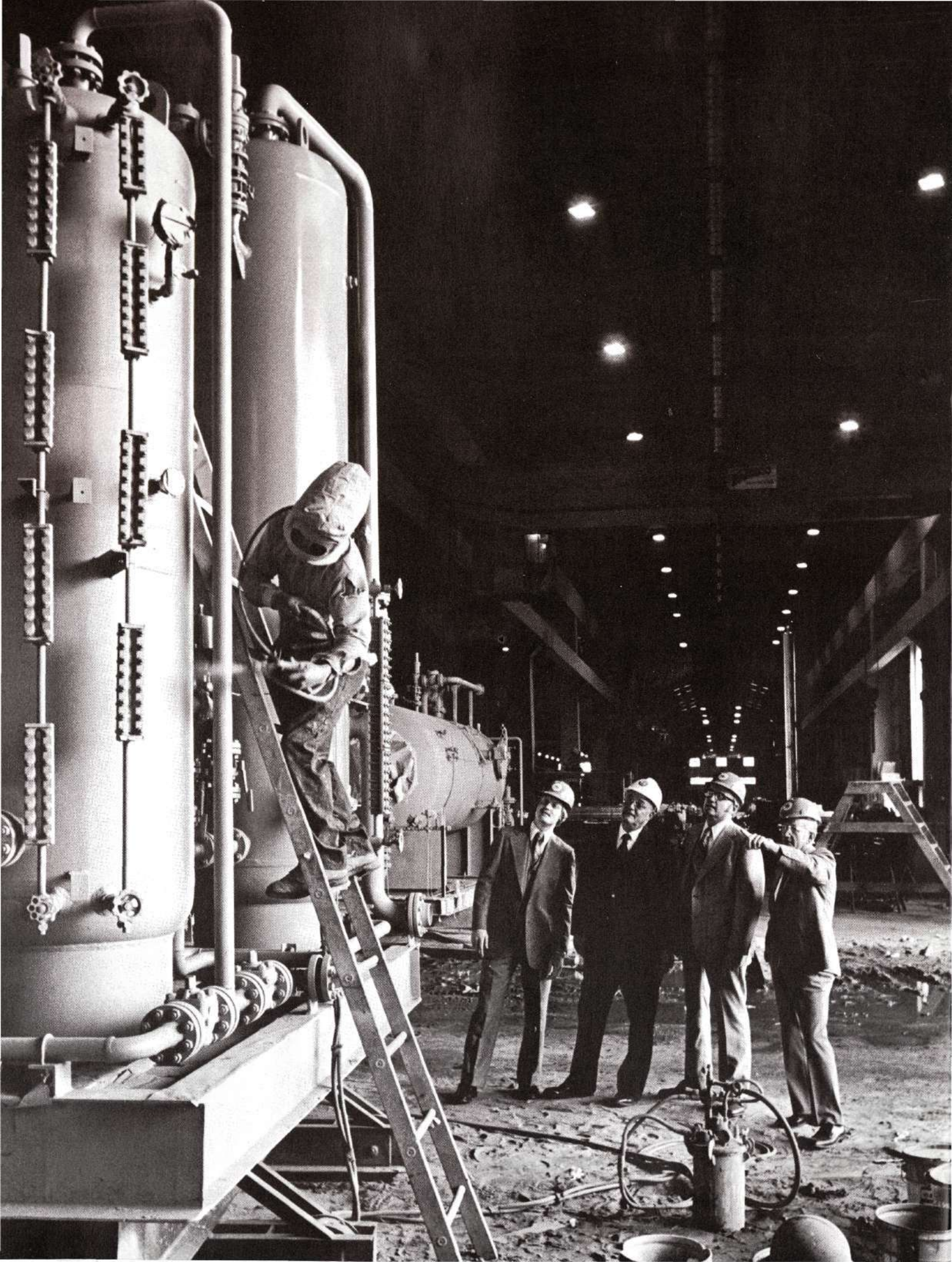
Big teeth (photo right). Rock bits destined for oil and gas exploration await pressure testing in the Hughes Tool Company plant. Executive vice president-operations William Kistler (l.) describes the wide range of bits for manager Phil Kolman while H&S alumnus Calvin Collier, (r.) Hughes senior vice president-finance, secretary and treasurer describes the test procedure for staff accountant Scott Willis.





From the top (photo below). The Houston Symphony Orchestra rehearses under the direction of associate conductor Akira Endo. Watching and listening (l. to r.) are staff accountant Rita Hoyt, general manager James Wright, controller Ollie Austin and staff accountant Terry Henderson.





mowing equipment sold to state and local governments for highway right-of-way maintenance. Similar products are supplied for commercial and agricultural use. In addition, its D & D Division is Texas' largest manufacturer of pickup truck bumpers and accessories.

➡ *Weingarten Realty, Inc.*—a major developer of community and neighborhood shopping centers in five states. In addition, it has ownership in apartment projects, office buildings and industrial warehouses.

➡ *Woodall Enterprises, Inc.*—operating under the name of "Ron's Krispy Fried Chicken," this fast-food chain has grown to about fifteen stores in Texas and Alabama and about \$3 million annually in sales since beginning business in 1969.

If there is anything that might outshine the diversity of professional experience that Houston offers, it would be the wide range of recreational and cultural activities. For the sports fan Houston boasts four professional major league teams. In addition to our hockey client Aeros, many of our people are season ticket holders for the Houston Oilers of the National Football League, a team whose fortunes changed dramatically last season and included a win over the Super Bowl champions, the Pittsburgh Steelers. For baseball and basketball fans there are the National League's Astros and the NBA's Rockets.

Golf and tennis are popular, year-round sports and Houstonians take full advantage of the many lakes, rivers and bays in the area. The sandy beaches of the Gulf of Mexico are just fifty miles away and there are large nearby lakes—Lake Houston, Lake Conroe and Lake Livingston—plus many smaller lakes.

Cycling has become a big off-duty

activity for many of the younger set in the office. Last spring, in fact, more than a dozen H&S men and women cycled some seventy-five miles north to the Huntsville area on a weekend biking and camping trip. Staff accountant Terry Henderson, who organized the trip, had a friend meet him for a day's canoeing before he rejoined the bikers on the pedal back to Houston.

Hunting is a popular pastime for gun buffs like manager Jim Patterson or staff accountants Barry Teare and Martin Mathis, who like to crouch amid the decoys in the muddy rice fields around Eagle Lake awaiting the sunrise and the stirring of the massive flocks of roosting Canada geese.

For the cultural set, the magnificent Jesse H. Jones Hall for the Performing Arts is home for the Houston Symphony Orchestra, the Houston Grand Opera and the Houston Ballet Company. Houston's repertory theater, The Alley Theatre, is nationally famous for its legitimate-theater presentations. Top artists are invited to Houston by the Society for the Performing Arts, and the city has developed a wealth of fine, local talent which performs at the various little theaters and dinner theaters in the area.

Education is also an important part of the Houston scene. Today there are twenty-five colleges and universities in the region, with a combined enrollment of more than 65,000 students.

When William Marsh Rice arrived penniless in Houston the city was barely two years old. He prospered with the city, and upon his death in 1900, his will allocated millions of dollars to found what is now Rice University "for boys and girls, struggling for a place in the sun." It was a legacy that has borne fruit for Bob Cruikshank, Haskins & Sells and the City of Houston.

Final touch. Workman at Smith Industries, Inc. sprays a finished component for an offshore oil and gas production platform. Admiring his skill are (l. to r.) staff accountant Tom Cook, Smith Industries president Nat Kendall, Duane Whitmarsh, partner in charge of the engagement, and Tom Nixon, the company's controller.



Assignment center: Office manager A. T. "Doc" Eubanks (r.) prepares to make changes on his assignment board as he confers with personnel director John Evans.